

Exhibit C
Summary of Proposed Clean Water State Revolving Fund (CWSRF) Policy Amendments and
Statement of Reasons

Note: Page references shown are for Exhibit A; changes in response to public comments are shown in bold underline

November 27, 2018 Version

Item	Page	Section	Description of Change(s)	Reason
1	iii	Appendices	Removed Appendix A USEPA Approvals of Extended Term Financing	Appendix is no longer needed. In 2014, the Congress increased the term for CWSRF loans up to 30 years.
2	iii	Appendices	Removed Appendix C. Water Recycling Funding Program Guidelines	The Water Recycling Funding Program Guidelines is a standalone document approved by the Board. Appendix C is being removed to be consistent with section XVII.B of the Policy. Updating and amending Appendix C would require the Deputy Director of the Division to obtain additional approval from the Board.
3	iii	Appendices	Changed the title of Appendix G "Application Package for Construction/Implementation Financing" to " Application Package for Project Financing"	Text changed for clarification
4	iii	Appendices	Addition of new Appendix N Credit/Financial Guidelines	To provide guidance regarding the Credit/Financial review
5	iii	Appendices	Addition of new Appendix O State and Federal Cross-Cutting Requirements	To provide guidance regarding State and Federal Cross-Cutting Requirements
6	iii	Appendices	Addition of new Appendix Q Legal Opinion Templates	To make the legal consultation process more transparent
7	iii	Appendices	Replaced dead link with working link to online Appendices page	Current link leads to 2013 version of CWSRF Policy
8	iv	List of Acronyms and Abbreviations	Added the list of acronyms and abbreviations	For referral on acronyms and abbreviations used throughout the Policy
9	1	I. Introduction	General text changes (insertions and deletions)	Amended text to update amended Policy effective date
10	1	II. Purpose and Objective	General text changes (insertions and deletions)	To clarify CWSRF Program's purpose

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11	1	II. Purpose and Objective	Addition of Climate Change Resolution and Water Code Section 106.3	To clarify CWSRF Program's purpose
12	Various	III. Definitions	New definitions added: "Agricultural Water Supplier", "Authorized Representative", " <u>Bridge Financing</u> ", "Completion of Planning/Design", "Eligible Project", "Eligible Start Date", "Fundable List", "Loan", Non-Repayable Financing", "Planning/Design Financing", "SERP", "Small Severely Disadvantaged Community", "State, and "Urban Water Supplier"	Text added for clarification; <u>text added in response to public comments</u>
13	Various	III. Definitions	Amended definition of "Applicant", "Completion of Construction", "Division", "Eligible Project Cost", "Environmental Document", "Estuary", "Existing Debt", "Financial Distress", "Infiltration", "Inflow", "Intended Use Plan", "Operating Agreement", "Small Community Grant", "Small Disadvantaged Community", "	Text amended for clarification
14	2	III. Definitions	"Clean Water Act" definition moved	Text moved to keep alphabetical order
15	3	III. Definitions	Deleted definition of "Effective date" and replaced it with the definition of "Eligible Start Date"	Text replaced to define a new date which will determine eligibility of construction costs
16	3	III. Definitions	Deleted definition of "Expanded Use Project"	No longer categorizing projects as "Expanded Use"
17	3	III. Definitions	Deleted definition of "Extended Term Financing"	Extended term financing (ETF) is no longer available as 30 years is the standard financing term
18	3	III. Definitions	Deleted definition of "GAAP"	Term is defined where it occurs in the Policy (one occurrence)

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19	4	III. Definitions	Amended definition of "Financing Agreement"	Text amended for clarification and to include "Non-Repayable Financing"
20	4	III. Definitions	Deleted definition of "Initiation of Construction" or "Implementation"	Definition removed as it is not used in the Policy
21	5	III. Definitions	Text deleted from the definition of "Public Owned Treatment Works" or "POTW Project"	Text deleted for clarification and to provide definition of "Project"
22	5 & 6	III. Definitions	Deleted definitions of "Project" and "USEPA"	Text deleted as the terms were defined previously
23	5	III. Definitions	Deleted definition of "Project List"	Term no longer used. The Project List is being replaced by the Fundable List
24	5	III. Definitions	Text deleted from the definition of "Reclaimed Water" or "Recycled Water"	Text deleted for clarification and consistency with regulatory language
25	5 & 6	III. Definitions	Deleted definitions of "Regionalization" and "Sustainability"	Terms not used in the Policy
26	Various	IV. Program Management	Deleted section IV. A "Project List" and moved IV.B. "Intended Use Plan and Capitalization Grant Applications"; added new section IV.B "Fundable List"	"Project List" term no longer used by the Division. New section IV.B explains the development and implementation of the "Fundable List." Original text under "Intended Use Plan and Capitalization Grant Applications" was moved and new text was added for clarification.
27	10	IV. Program Management (Subsection IV.B.3 Development of the Annual Fundable List)	<u>Revised cutoff score language under item IX.B.3.b</u>	<u>Text revised for clarification in response to public comments</u>
28	12	IV. Program Management (Subsection IV.B.3 Development of the Annual Fundable List)	<u>Added new text under item IX.B.3.c</u>	<u>Text added to clarify partial funding criteria and potential modifications to the Fundable List</u>

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29	16	IV. Program Management (Subsection IV.C Interest Rate and Other Charges)	General text changes (insertions and deletions)	Text amended for clarification
30	17	IV. D. Annual Report	Added Text	Text added for clarification
31	17	V. Match Financing	General text changes (insertions and deletions)	Text amended for clarification
32	17	V Match Financing (Subsection V.B Match Resolution)	General text changes (insertions and deletions)	Text amended for clarification
33	17	V. Match Financing (Subsection V.C Match Financing Terms)	Deleted text on "extended term financing". Added new text.	Text deleted to be consistent with item 14. Text added to clarify that Match Financing may not be combined with other interest rate reduction incentives.
34	18	V. Match Financing (Subsection V.D.1 Allowances (Soft Costs))	Deleted section V.D.1	Text deleted for clarification. The recipient must pay the proportionate match for each eligible project cost, as explained in the new subsection V.D.1 "Construction or Equipment Eligible Project Costs.
35	18	V. Match Financing (Subsections V.D.2 Construction or Equipment Procurement Costs and V.D.3 Match Certification and Documentation)	General text changes (insertions and deletions)	Text amended for clarification
36	18 & 19	VI. Refinancing and Restructuring	General text changes (insertions and deletions)	Text amended to improve clarity, add small SDAC, remove reference to ETF, and replace "refunding" with "refinancing"
37	19	VII. Water Recycling and Small DAC Projects	General text changes (insertions and deletions)	To clarify incentives available to small DAC/SDAC water recycling and wastewater projects
38	20	VIII. Planning/Design Financing	General text changes (insertions and deletions)	Text amended for clarification

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39	Various	VIII. Planning/Design Financing	Renumbered subsections	To improve clarity
40	21	VIII. Planning/Design Financing (Subsection VIII.A.1.b. Financial information)	General text changes (insertions and deletions)	Text amended for clarification and to include new requirements regarding the financial information provided as part of an application for Planning/Design financing.
41	22	VIII. Planning/Design Financing (Subsections VIII.A.1.d Legal Opinion, and VIII.A.1.e Pledged Revenue and Funds (PRF) resolution/ordinance)	Deleted the referenced subsections	Included legal opinion language under subsection X.d. PRF <i>Resolution</i> is no longer required. Included proposed loan security requirements under subsection VIII.A.1.e.
42	22	VIII. Planning/Design Financing (Subsection VIII.A.1.f Existing Debt)	Deleted referenced subsection and replaced it with new language regarding existing debt under subsection VIII.1.A.b.viii	Text amended and moved to a different section for clarification
43	23 & 24	VIII. Planning/Design Financing (Subsections VIII.A.1.c Coverage, VIII.A.1.d Additional Debt, e. Proposed Loan Security/PRF)	Added new text	Text added to clarify financial requirements for Planning/Design applications
44	24 & 25	VIII. Planning/Design Financing (Subsection VIII.B Eligible/Planning Design Costs)	General text changes (insertions and deletions)	Text amended to clarify eligible planning and design costs and include "fiscal sustainability plans" as an eligible planning/design cost
45	25	VIII. Planning/Design Financing (Subsection VIII.B Eligible/Planning Design Costs)	<u>Added new text</u>	<u>In response to public comments, added "costs related to Proposition 218 proceedings" as an eligible planning/design cost</u>
46	25 & 26	VIII. Planning/Design Financing (Subsection VIII.C. Planning/Design Financing Terms)	Added new subsections "VIII.C.1 Interest", "VIII.C.2. Amortization", "VIII. 3 Restructured Planning/Design Financing", and respective text	Text added under new subsection to clarify planning/design financing terms
47	26 & 27	VIII. Planning/Design Financing Subsection VIII.D Planning/Design Financing Approval and Agreement	General text changes (insertions and deletions)	Text amended to clarify that an application must be on the Fundable List to receive financing, include legal counsel requirements, and require applicants to submit a closing resolution approving the loan

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48	27	VIII. Planning/Design Financing Subsection VIII.E Planning/Design Disbursements	General text changes (insertions and deletions)	Text amended for clarification and to include a deadline for submission of the final disbursement request
49	28	VIII. Planning/Design Financing (Subsections VIII.F Planning/Design Payments and VIII.G Planning/Design Financing Record Keeping Requirements)	Deleted referenced subsections	Annual payment due date language included under VIII.C.2 Amortization. Additional text deleted to remove duplicate language described in subsequent sections.
50	28	IX. Publicly Owned Treatment Works Financing	Replaced section heading with "Project Financing"	To generalize projects so Policy requirements can be applied regardless of project type
51	Various	IX. Publicly Owned Treatment Works Financing	General text changes (insertions and deletions)	Text amended for clarification and to include the correct U.S. Code in CWA regarding eligibility
52	Various	IX. Publicly Owned Treatment Works Financing	Renumbered subsections	To improve clarity
53	28	IX. Publicly Owned Treatment Works Financing	<u>Removed text stating that applications should be submitted "in advance of the ten percent (10%) design level effort."</u>	<u>Text removed in response to public comments and for clarification and consistency with the Readiness Score criteria</u>
54	31	IX. Publicly Owned Treatment Works Financing (Subsection IX. B.2.c Water Conservation and Urban Water Management)	General text changes (insertions and deletions)	Text amended to clarify the requirements for water supplier and non-water supplier applicants regarding Division 6 of the Water Code
55	31	IX. Publicly Owned Treatment Works Financing (Subsection IX. B.2.c Water Conservation and Urban Water Management)	<u>Added new text</u>	<u>Added new text in response to public comments to clarify water conservation and water management requirements for non-water suppliers</u>
56	32	IX. Publicly Owned Treatment Works Financing (Subsection IX. B.2.c.iii Volumetric Pricing and Water Metering)	General text changes (insertions and deletions) <u>Removed "Volumetric Pricing and" from section heading</u>	Text amended for clarification and to/ include water metering certification requirement; <u>text removed in response to public comments</u>

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57	Various	IX. Publicly Owned Treatment Works Financing (Subsection IX. B.3 Environmental Package)	General text changes (insertions and deletions)	Text amended for clarification. Text also deleted as the information it provides can be found in the SERP (Appendix I)
58	Various	IX. Publicly Owned Treatment Works Financing (Subsection IX. B.4 Financial Security Package)	General text changes (insertions and deletions)	Text amended for clarification
59	35 & 36	IX. Publicly Owned Treatment Works Financing (Subsection IX. B.4.c Reserve and Coverage)	General text changes (insertions and deletions)	Text amended to include increased debt service coverage requirement for senior and parity debt obligations and lower debt service coverage requirement for subordinate debt. Text also amended to clarify the Deputy Director's ability to adjust the coverage ratio if needed
60	37	IX. Publicly Owned Treatment Works Financing (Subsection IX. B.4.d PRF Resolution)	Deleted referenced subsection and replaced it with new subsection IX.B.4.e "Proposed Loan Security/Pledged Revenues and Funds (PRF)" subsection	PRF Resolution is no longer required. Loan security requirements are described under the "Proposed Loan Security/Pledged Revenues and Funds (PRF)" subsection. Text also amended to clarify loan security requirements for non-public agencies
61	38	IX. Publicly Owned Treatment Works Financing	Added new subsection IX. B.4.g "Debt Management Policy" and respective text	Text added to clarify that local government applicants must submit a copy of the debt management policy
62	38	IX. Publicly Owned Treatment Works Financing (Subsection IX. B.4.f Financial Statements and Budget)	Amended and added new text under the referenced subsection	Text amended to include requirements for privately owned systems. Text also added to include budget projections requirement
63	39	IX. Publicly Owned Treatment Works Financing (Subsection IX.B.4.h Tax Questionnaire and Reimbursement Resolution)	General text changes (insertions and deletions)	Text amended for clarification
64	38	IX. Publicly Owned Treatment Works Financing (Subsection IX.B.4.k New Tax, Fee, Charge or Assessments Projections)	Deleted referenced subsection	Text deleted to remove duplicate language already discussed in previous subsection IX.B.3.g.iii.

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65	39	IX. Publicly Owned Treatment Works Financing (Subsection IX.B.4.l Extended Term Financing Analysis)	Deleted referenced subsection	Extended term financing is no longer applicable as 30 years is the standard financing term
66	40	IX. Publicly Owned Treatment Works Financing (Subsection IX.B.4.n Legal Opinion)	Deleted referenced subsection	Text deleted and replaced with the Legal Opinion language included under section X. A. c
67	40	IX. Publicly Owned Treatment Works Financing (Subsection IX.C.1 Eligible Project Cost)	<u>Added " replacement of private laterals" under IX.C.1.a</u>	<u>Text added to clarify that replacement of private laterals are eligible costs</u>
68	Various	IX. Publicly Owned Treatment Works Financing (Subsections IX.C.1.b, IX.C.1.c-e, IX.C.1.g, IX.C.1.i, and IX.C.1.s)	Text added regarding lien position (IX.C.1. b) and general text changes (insertions and deletions) in the other referenced subsections	To add that the State Water Board may be recorded as a first lienholder on a deed of trust. Text also amended for clarification
69	42	IX. Publicly Owned Treatment Works Financing (Subsection IX.C.1 Eligible Project Costs)	<u>Removed "on publicly owned use sites" under item "r. Recycled water systems (not including gray water systems)"</u>	<u>Text removed for clarification in response to public comments</u>
70	42	IX. Publicly Owned Treatment Works Financing (Subsection IX.C.1 Eligible Project Cost)	Added "v. Gray water systems" under item s. water conservation measures of the referenced subsection	"Gray water systems" added as an eligible project cost
71	42	IX. Publicly Owned Treatment Works Financing (Subsection IX.C.1 Eligible Project Cost)	Added item "t. Non-Treatment Works Projects" under the referenced subsection	To include types of "non-treatment works projects" that are eligible costs
72	43	IX. Publicly Owned Treatment Works Financing (Subsection IX.C.2 Ineligible Costs)	Deleted text regarding private laterals	Text deleted for clarification
73	43 & 44	IX. Publicly Owned Treatment Works Financing (Subsection IX.C.2 Ineligible Costs)	General text changes (insertions and deletions)	Text amended for clarification

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74	43	IX. Publicly Owned Treatment Works Financing (Subsection IX.C.2 Ineligible Costs)	Added item "i. Overhead unrelated to the project" under the referenced subsection	Text added to include " Overhead unrelated to the project" as an ineligible cost
75	44	IX. Publicly Owned Treatment Works Financing (Subsection IX.D. Funding Limitations)	Replaced section heading with "Capacity Limitations"	To clarify that this section pertains to the capacity of treatment works
76	44 & 45	IX. Publicly Owned Treatment Works Financing (Subsection IX.D. Funding Limitations)	General text changes (insertions and deletions	Text amended for clarification
77	45	IX. Publicly Owned Treatment Works Financing (Subsection IX.D Funding Limitations)	Deleted subsection IX.D.3 "Industrial and Federal Facilities"	Section IX.D.1.a.i indicates that flows from Industrial and Federal facilities are eligible
78	45	IX. Publicly Owned Treatment Works Financing (Subsection IX.D Funding Limitations)	Added new subsection IX.D.2 "Non-Treatment Works Capacity"	Text added to clarify how the Division will determine the eligible capacity for non-treatment works projects
79	45 & 46	X. Expanded Use Construction/Implementation Financing	Deleted entire section	No longer categorizing projects as "Expanded Use"
80	46	XI. Construction/Implementation Project Financing Agreement	Replaced Section heading with "Project Financing Agreement"	To generalize projects so Policy requirements can be applied regardless of project type
81	47	XI. Construction/Implementation Project Financing Agreement (Subsection XI.A. Financing Approval)	Added new text	Text added to include legal opinion language, and to clarify that applicants may start construction prior to execution of the financing agreement at their own risk

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82	47	XI. Construction/Implementation Project Financing Agreement (Subsection XI.B. Execution of the Financing Agreement)	General text changes (insertions and deletions)	Text amended for clarification. Disbursement language moved to subsequent section
83	47	XI. Construction/Implementation Project Financing Agreement (Subsection XI.B. Execution of the Financing Agreement)	Deleted item 3 "Effective Date"	Effective date definition deleted to be consistent with the new definition of "Eligible Start Date"
84	47	XI. Construction/Implementation Project Financing Agreement (Subsection XI.B. Execution of the Financing Agreement)	Added new text under "Compliance with Federal and State Statutes and Authorities"	Text added to clarify recipient's obligation to comply with state and federal requirements
85	48	XI. Construction/Implementation Project Financing Agreement (Subsection XI.B. Execution of the Financing Agreement)	Deleted items "5. Disadvantaged Business Enterprise (DBE), "6. Davis-Bacon", "7. American Iron and Steel", "8. Force Account, Land Purchase, and Other Non-Bid Projects", and respective language	DBE language deleted as it is discussed in Appendix J. Davis-Bacon and AIS languages deleted as they are discussed in Appendix O
86	49 & 50	XI. Construction/Implementation Project Financing Agreement (Subsection XI.C. Final Budget Approval Package)	General text changes (insertions and deletions)	Text amended for clarification
87	50	XI. Construction/Implementation Project Financing Agreement (Subsection XI.C.2.a. Execution of Amendment)	<u>Added new text</u>	<u>Text added in response to public comments to clarify that the Deputy Director may allow the disbursement of costs identified in the final budget approval package prior to the execution of the amended agreement for small SDACs and small DACs.</u>
88	50	XI. Construction/Implementation Project Financing Agreement (Subsection XI.D. Cost Increases)	Replaced "principal forgiveness" with "non-repayable financing"	Text replaced to include other forms of financing
89	50	XI. Construction/Implementation Project Financing Agreement (Subsection XI.D. Cost Increases)	General text changes (insertions and deletions)	Text amended for clarification and to include 10% contingency limit

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90	50	XI. Construction/Implementation Project Financing Agreement (Subsection XI.D. Cost Increases)	<u>Added new text</u>	<u>Text added in response to public comments to clarify the criteria for increasing the financing agreement amount for small SDAC and small DAC after the final budget is approved.</u>
91	51	XII. Construction/Implementation Disbursements	Replaced section heading with "Projects Disbursements"	To generalize projects so Policy requirements can be applied regardless of project type
92	Various	XII. Construction/Implementation Disbursements	Renumbered referenced section and respective subsections	To improve clarity
93	Various	XII. Construction/Implementation Disbursements	General text changes (insertions and deletions)	Text amended for clarification and to include correct California Constitution code, insert disbursement language from previous section (XI.B.);
94	51	XII. Construction/Implementation Disbursements (Subsection XII.A. Disbursements in General)	<u>Added new text</u>	<u>Text added in response to public comments to clarify reimbursement eligibility of bridge financing principal, interest, and fees</u>
95	51	XII. Construction/Implementation Disbursements (Subsection XII.B. Initial Financing Agreement Disbursements)	General text changes (insertions and deletions)	Text amended to clarify that the Division will not disburse funds prior to the eligible start date of the agreement. Additional text deleted to improve clarity
96	53	XIII. Construction or Implementation	Replaced section heading with "Project Construction or Implementation"	Text amended for clarification
97	53	XIII. Construction or Implementation	Added new text	Text added to clarify that the final disbursement request date will be established at the time of the final project inspection
98	54	XVI. Construction/Implementation Financing Payments	Replaced section heading with "Project Financing Payments"	To generalize projects so Policy requirements can be applied regardless of project type

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99	54 & 55	XVI. Construction/Implementation Financing Payments	General text changes (insertions and deletions)	Text amended for clarification and to include loan compliance and monitoring requirements
100	56	XV. Record Keeping Requirements	General text changes (insertions and deletions)	Text amended to provide correct regulation reference and to provide the definition of GAAP